

Financement-Québec
U.S.\$2,000,000,000
Euro Medium Term Note Programme

for the issue of Notes with maturities of one month or longer
unconditionally and irrevocably guaranteed as to payment of principal and interest
(including any additional amounts) by



On 27th July, 2000, Financement-Québec (the "Issuer" or "Financement-Québec") entered into a Euro Medium Term Note Programme (the "Programme"). This Prospectus supersedes any previous offering circular, prospectus and any supplements thereto related to the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This Prospectus does not affect any Notes already issued and currently outstanding.

Under this U.S.\$2,000,000,000 Programme, the Issuer may from time to time issue Notes (the "Notes") denominated in any currency agreed by the Issuer and the relevant Purchaser(s) (as defined below) and unconditionally and irrevocably guaranteed as to payment of principal and interest, including any additional amounts, by Québec (the "Guarantor"). The Notes will have maturities of one month or longer or such other maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant currency and, subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies) calculated as described herein.

The Notes will be issued on a continuing basis to one or more of the Dealers specified under "Key Features of the Programme and the Notes" (each a "Dealer" and together the "Dealers", which expression shall include any additional entity appointed as a Dealer under the Programme from time to time either for a specific issue or on an ongoing basis). Notes may also be issued to third parties other than Dealers and such third parties and Dealers are referred to collectively as "Purchasers".

Application has been made to the Financial Services Authority (the "FSA") in its capacity as competent authority (the "UK Listing Authority") under the Financial Services and Markets Act 2000 (the "FSMA") for Notes issued under the Programme during the 12-month period after the date of this Prospectus to be admitted to the official list of the FSA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Main Market (the "Regulated Market") or the London Stock Exchange's Professional Securities Market (the "PSM"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that Notes have been admitted to trading on the Regulated Market or the PSM and have been admitted to the Official List. The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive") (a "regulated market"). The PSM is not a regulated market for the purposes of the Markets in Financial Instruments Directive. Notice of the aggregate nominal amount of interest payable, in respect of the issue of, and of any other terms and conditions not contained herein which are applicable to, each Series (as defined below) of Notes will be set forth in one or more final terms supplements (the "Final Terms") which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Series. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Purchaser(s) in relation to such issue. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer intends to request pursuant to section 87 of FSMA and section 5.3.2 of the UK Listing Authority Prospectus Rules that the UK Listing Authority provide the competent authority in certain Member States of the European Economic Area (defined below) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Directive 2003/71/EC (the "Prospectus Directive") together with a copy of the Prospectus.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Directive 2003/71/EC (the "Prospectus Directive", which term includes any relevant implementing measures in the United Kingdom), the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Copies of Final Terms, in the case of either Notes that are offered to the public in the European Economic Area or admitted to trading on a regulated market in the European Economic Area in circumstances requiring publication of a prospectus in accordance with the Prospectus Directive or which are admitted to trading on the PSM, (i) can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of "Financement Québec" and the headline "Publication of Prospectus" and (ii) will be available for inspection during normal business hours at the specified office of the Agent (as defined below) in London, United Kingdom and for collection without charge from the office of the Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada (see "Terms and Conditions of the Notes").

See "Risk Factors" on pages 12 through 16 for a discussion of certain risks that should be considered in connection with an investment in certain types of Notes which may be offered under the Programme.

Unless otherwise specified in the applicable Final Terms, the Notes of each issue will initially be represented by one or more temporary global Notes which will be delivered to or deposited on or prior to the issue date thereof with (i) if the temporary global Note is intended to be issued in new global note ("NGN") form as specified in the applicable Final Terms, a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and (ii) if the temporary global Note is intended to be issued in classic global note ("CGN") form as specified in the applicable Final Terms, a common depositary on behalf of Euroclear and Clearstream, Luxembourg and/or such other clearing system as otherwise agreed, as further described in "Form of the Notes" herein. Interests in a temporary global Note will be exchangeable for interests in a permanent global Note upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Interests in a permanent global Note will be exchangeable for definitive Notes only in the limited circumstances described in "Terms and Conditions of the Notes – Definitive Certificates" or as specified in the applicable Final Terms.

The credit ratings of the Programme referred to on page 4 of this Prospectus have been assigned by Moody's Investors Service, Inc. ("Moody's US") and by Standard and Poor's Ratings Services (Canada), a business unit of The McGraw-Hill Companies (Canada) Corporation ("Standard & Poor's") and the Issuer's credit ratings referred to on page 4 of this Prospectus have been assigned by Moody's US, by Standard & Poor's, by DBRS Limited ("DBRS"), by Fitch, Inc. ("Fitch") and by Japan Credit Rating Agency Ltd. ("Japan Credit Rating Agency"), none of which is established in the European Union or is registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation"). See "Important Notices – Credit Ratings". However, the applications for registration under the CRA Regulation of Standard and Poor's Credit Market Services Europe Ltd., Moody's Investors Service Ltd., DBRS Ratings Limited and Fitch Limited, which are established and registered in the European Union, disclosed an intention to endorse the ratings of their affiliated non-EU credit rating agencies ("non-EU CRAs"). Until the relevant competent authority has made its registration decision with regards to such applications, the ratings of each of Standard & Poor's, Moody's US, DBRS and Fitch and will be allowed to be used for regulatory purposes by European regulated investors. Japan Credit Rating Agency is certified in accordance with the CRA Regulation. See "Important Notices – Credit Ratings".

The Issuer may agree with any Purchaser and the Agent that Notes may be issued in a form and with terms and conditions not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes to be admitted to the Official List and to trading on the London Stock Exchange) a Drawdown Prospectus (as defined herein) will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

BofA Merrill Lynch

Dealers

Banca IMI
BofA Merrill Lynch
Deutsche Bank
J.P. Morgan

BayernLB
Citigroup
DZ BANK AG
Société Générale Corporate & Investment Banking

IMPORTANT NOTICES

This Prospectus comprises a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of the Prospectus Directive and listing particulars for the purposes of the Listing Rules Instrument 2005 (“**Listing Particulars**”). References to Prospectus herein include the Listing Particulars unless the context otherwise requires.

This Prospectus supersedes the prospectus of the Issuer dated 10 June 2011, except that Notes issued on or after the date of this Prospectus which are to be consolidated and form a single Series with Notes issued prior to the date of this Prospectus will be subject to the Terms and Conditions of the Notes applicable on the date of issue of the first Tranche of Notes of such Series. Those Terms and Conditions are incorporated by reference in, and form part of, this Prospectus.

The Issuer and the Guarantor (each, a “**Responsible Person**”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of each Responsible Person, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

This Prospectus is approved by the UK Listing Authority as required by the FSMA in relation to Notes issued under the Programme during the period of 12 months from the date of this Prospectus. This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer and the Guarantor in connection with this Prospectus or the Notes. The Dealers accept no liability in relation to the information contained in this Prospectus or any other information provided by the Issuer and the Guarantor in connection with this Prospectus or the Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with this Prospectus or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer and the Guarantor or any of the Dealers.

Neither this Prospectus nor any information incorporated herein by reference nor any other information supplied in connection with this Prospectus or the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer or any of the Dealers that any recipient of this Prospectus, or any information incorporated herein by reference or any other information supplied in connection with this Prospectus or the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus, nor any information incorporated herein by reference nor any other information supplied in connection with this Prospectus or the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to purchase any of the Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with this Prospectus or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer and the Guarantor during the life of the Programme. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and any Final Terms and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus, any Notes or any other offering material come must inform themselves about, and observe, any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the United States, the European Economic Area (including in the United Kingdom, France, Republic of Italy and The Netherlands), Japan and Canada (see “Subscription and Sale”).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the

Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Guarantor nor any Dealer has authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer (other than the filing of this Prospectus with, and its approval by, the UK Listing Authority and the request for certificates of approval in certain Member States of the European Economic Area noted on the front cover hereof) or any Dealer that would permit a public offering of the Notes or distribution of the Prospectus in a jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The Notes have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include bearer notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "Subscription and Sale").

In this Prospectus, references to "**C\$**" and "**\$**" are to Canadian dollars, references to "**U.S. dollars**" and "**U.S.\$**" are to United States dollars, references to "**euro**" and "**€**" are to the currency of the Member States of the European Union that have adopted the Single Currency in accordance with the Treaty on the functioning of the European Union, as amended by the Treaty on European Union, as amended, references to "yen" are to Japanese yen, and references to "**sterling**" and "**£**" are to United Kingdom pounds sterling. References herein to the "**European Economic Area**" or "**EEA**" are to the Member States of the European Union together with Iceland, Norway and Liechtenstein.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY, INCLUDING (WITHOUT LIMITATION) WITH THEIR OWN FINANCIAL, TAX AND LEGAL ADVISORS, WITHOUT RELYING ON THE ISSUER OR ANY DEALER.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall

portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effect on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Credit Ratings

As of the date of this Prospectus, the Issuer's credit ratings are as follows:

Rating Agency	Long Term	Outlook/Watch
Standard & Poor's	A+	Stable
Moody's US	Aa2	Stable
DBRS	A (high)	Stable
Fitch	AA-	Stable
Japan Credit Rating Agency	AA+	Stable

The Programme has been rated A+ by Standard & Poor's and Aa2 by Moody's US. Neither DBRS, Fitch nor Japan Credit Rating Agency has provided, or will provide, Programme credit ratings. Notes issued under the Programme may be rated or unrated. When a Series of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU CRAs, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU CRA is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms, as applicable.

Neither Moody's US, Standard & Poor's, DBRS nor Fitch is established in the European Union. However, the applications for registration under the CRA Regulation of Standard and Poor's Credit Market Services Europe Ltd., Moody's Investors Service Ltd., DBRS Ratings Limited and Fitch Ratings Limited, which are affiliates of Standard & Poor's, Moody's US, DBRS and Fitch, respectively, established in the European Union and registered under the CRA Regulation disclosed an intention to endorse their affiliated non-EU CRAs. On 15 March 2012, the European Securities and Markets Authority ("**ESMA**") announced in a press release that ratings issued by non-EU CRAs registered or licensed and subject to supervision in *inter alia* Canada and the United States are endorseable by EU-regulated rating agencies pursuant to Article 4(3) of the CRA Regulation. On 30 April 2012, the Canadian Securities Administrators announced the designation of Standard & Poor's, Moody's Canada Inc., DBRS Limited and Fitch, Inc. as designated rating organizations under National Instrument 25-101 – *Designated Rating Organizations*. Japan Credit Rating Agency Ltd. is certified under the CRA Regulation.

TABLE OF CONTENTS

	Page
Key Features of the Programme	7
Risk Factors.....	12
Documents Incorporated by Reference.....	17
General Description of the Programme.....	19
Final Terms or Drawdown Prospectus	20
Form of the Notes.....	21
Pro Forma Final Terms	23
Terms and Conditions of the Notes.....	37
Use of Proceeds.....	53
Description of the Issuer.....	54
Description of the Guarantor - Québec	61
Subscription and Sale	65
Canadian Income Tax Considerations	69
European Union Savings Tax Directive.....	70
General Information.....	71

KEY FEATURES OF THE PROGRAMME

The following summary of key features does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meaning in this summary of key features:

Issuer: Financement-Québec

Guarantor: Québec

Arranger: Merrill Lynch International

Dealers: Banca IMI S.p.A.
Bayerische Landesbank
Citigroup Global Markets Limited
Deutsche Bank AG, London Branch
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Merrill Lynch International
J.P. Morgan Securities Ltd.
Société Générale

and any other Dealer appointed from time to time by the Issuer in accordance with the Programme Agreement either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Notes may also be sold directly to third parties on the basis of enquiries made by such third parties to the Issuer.

Issuing and Principal Paying Agent: Deutsche Bank AG, London Branch

Paying Agent: Deutsche Bank Luxembourg S.A.

Programme Amount: Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer will have the option at any time to increase the amount of the Programme in accordance with the terms of the Programme Agreement (as defined under “Subscription and Sale”).

Method of Distribution: Notes may be distributed by way of private placement or (subject to any applicable selling restrictions) public offering and in each case on a syndicated or a non-syndicated basis. The method of distribution of each Tranche of Notes will be stated in the applicable Final Terms.

Notes will be issued on a continuous basis in series (each a “**Series**”). The Notes comprising each Series will all be subject to identical terms, except that the issue date, issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Series are intended to be interchangeable with all other Notes of that Series. The Notes of each tranche (a “**Tranche**”) will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. Final Terms will be published in respect of each Tranche.

Alternatively, the Issuer may agree with any Purchaser to issue a particular Tranche of Notes under the Programme pursuant to a stand-alone prospectus (each a “**Drawdown Prospectus**”) prepared in connection with such Tranche. The terms and conditions applicable to each Tranche which is the subject of a Drawdown Prospectus will be those set out herein under “Terms and Conditions of the Notes” as supplemented, modified or replaced by the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the relevant Drawdown Prospectus and, as applicable, each other reference to Final Terms in the Prospectus shall be read and construed as a reference to such Drawdown Prospectus.

Notes shall be issued in compliance with applicable regulations and guidelines from

time to time. See “Subscription and Sale”.

Currencies: Subject to any applicable legal or regulatory restrictions, any currency as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Final Terms).

Each issue of Notes denominated or payable in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply (including on the date hereof, without limitation, yen and sterling) will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (as provided in the Programme Agreement described under “Subscription and Sale”).

Maturities: Any maturity of one month or longer as indicated in the applicable Final Terms, or such other maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant currency.

Notes which have a maturity of less than one year, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in another currency. See “Subscription and Sale”.

Issue Price: Notes may be issued on a fully paid or a partly paid basis and at an issue price which is equal to, less than or more than their nominal amount.

Form of Notes: Unless otherwise specified in the applicable Final Terms, each issue of Notes will be in bearer form and will initially be represented by one or more temporary global Notes which (i) if in NGN form, will be delivered on or prior to the relevant Issue Date to a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg or (ii) if in CGN form, will be deposited on or prior to the relevant Issue Date with a depositary or a common depositary outside the United States on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system (including Euroclear France and SIS) (as defined below in “Terms and Conditions of the Notes – Form and Title”) and which will be exchanged for one or more permanent global Notes not earlier than the later of (i) 40 days after the Issue Date of the Notes represented by the temporary global Note, as specified in the applicable Final Terms, and (ii) 40 days after completion of the distribution of the relevant Tranche upon certification of non-U.S. beneficial ownership. Unless otherwise specified in the applicable Final Terms, interests in a permanent global Note will be exchangeable without charge, in whole but not in part, for security-printed definitive Notes in bearer form with receipts in respect of instalments of principal (if any) attached and (unless they are Zero Coupon Notes) interest coupons and talons for further coupons (if any) attached, only in the limited circumstances described in “Terms and Conditions of the Notes – Definitive Certificates”. Any interest in a temporary or permanent global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system (including Euroclear France and SIS), as applicable.

Owners of interests in temporary global Notes and permanent global Notes will not be considered holders thereof for purposes of payment of principal and interest on such Notes except in the limited circumstances described under “Form of the Notes – Direct Rights”.

Form of Guarantee: The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of principal of and interest on the Notes (together with any additional amounts which the Issuer may be required to pay in accordance with the terms and conditions of the Notes) as and when the same shall become due and payable, whether at maturity, on redemption, by acceleration or otherwise.

Fixed Rate Notes: Interest in respect of Fixed Rate Notes will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Final Terms) and on redemption.

Interest in respect of Fixed Rate Notes will be calculated on the basis of such Day Count Fraction (as defined in Condition 4(a)(iv)) as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Final Terms).

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant specified currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps & Derivatives Association, Inc. (“**ISDA**”), and as amended, supplemented or updated as at the Issue Date of the first Tranche of Notes of the relevant Series) (the “**ISDA Definitions**”); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Final Terms).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Purchaser(s) for each Series of Floating Rate Notes.

Index-Linked Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index-Linked Interest Notes and Index-Linked Redemption Amount Notes (collectively, “**Index-Linked Notes**” and individually, an “**Index-Linked Note**”) will be calculated by reference to such index and/or formula as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Final Terms, or, as the case may be, applicable supplement to this Prospectus or Drawdown Prospectus).

Other Provisions in relation to Floating Rate Notes and Index-Linked Interest Notes:

Floating Rate Notes and Index-Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index-Linked Interest Notes will be payable on the Interest Payment Dates as selected prior to issue by the Issuer and the relevant Purchaser(s) and will be calculated on the basis of such Day Count Fraction (as defined in Condition 4(b)(v)) as may be agreed between the Issuer and the relevant Purchaser(s) as indicated in the applicable Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Purchaser(s) may agree (as specified in the applicable Final Terms).

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in relation to interest due after the Maturity Date.

Other Notes: Terms applicable to Partly Paid Notes, Instalment Notes and any other type of Notes to be issued by the Issuer will be agreed between the Issuer and the relevant Purchaser(s) (as specified in the applicable Final Terms).

Redemption: Except as provided in the immediately following paragraphs, for taxation reasons, or following an Event of Default, Notes will not be redeemable prior to their stated maturity.

The applicable Final Terms relating to each Tranche of Notes will indicate whether the Notes can be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer (“**Issuer Call Option**”) and/or the Noteholders (“**Noteholder Put Option**”) upon giving not more than 60 days’ nor less than 30 days’ irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that the Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Final Terms.

Notes denominated in certain currencies may not be redeemed or purchased prior to any minimum time as may be required from time to time by the relevant monetary authority. Notes which have a maturity of less than one year may be subject to restrictions on their denomination and distribution. See “Maturities” above.

Denomination of Notes: Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Purchaser(s) as specified in the applicable Final Terms, save that the minimum denomination of each Note to be admitted to trading on a regulated market within the EEA or offered to the public in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive, will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, at least the equivalent amount in such currency as at the Issue Date of such Notes) or such other higher amount as may be required from time to time by the relevant regulator (or equivalent body) or any laws or regulations applicable to the relevant currency. See “Maturities” above.

For so long as the relevant Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes, if specified in the applicable Final Terms, may be tradeable in nominal amounts equal to the minimum Specified Denomination and integral multiples of nominal amounts less than an integral multiple of the Specified Denomination in addition thereto.

Redenomination: Notes issued in the currency of a Member State of the European Union which is not yet a participant, but may in the future participate, in the third stage of European economic and monetary union, may, if so specified in the applicable Final Terms, be redenominated in euro, in which event provisions in respect of such redenomination will be annexed to the applicable Final Terms.

Taxation: All payments in respect of the Notes will be made without withholding or deduction for or on account of any taxes or other charges imposed by any governmental authority or agency in Canada, subject as provided in Condition 9. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so withheld or deducted. See “Terms and Conditions of the Notes”.

Cross-default: The Terms and Conditions of the Notes will contain a cross-default provision as further described in Condition 10.

Negative Pledge: No Notes will contain a negative pledge provision.

Status of the Notes: The Notes will constitute direct, unsecured, legal, valid, binding and unconditional obligations of the Issuer. The Notes will rank equally among themselves and with all other debentures, notes or similar debt securities issued by the Issuer and outstanding at the date of issue of Notes and in the future.

Rating: The Programme has been rated Aa2 by Moody’s US and A+ by Standard & Poor’s. Notes issued under the Programme may be rated or unrated. When a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other.

Listing and Admission to Trading: Application has been made for the Notes issued under the Programme during the 12-month period from the date of the Prospectus to be admitted to the Official List and to be admitted to trading on the Regulated Market or the PSM. Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Purchaser(s) in relation to each issue. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading, and, if so, on which stock exchange(s) and/or markets.

Governing Law: The Notes and the Guarantee endorsed thereon will be governed by, and construed in accordance with, the laws of Québec and the laws of Canada applicable therein.

Non-U.S. Selling Restrictions: There are specific restrictions on the offer, sale and delivery of the Notes and the distribution of offering materials in the European Economic Area (including the United Kingdom, France, Republic of Italy and The Netherlands), Japan and Canada and there will be such other restrictions as may be required in connection with a particular issue of Notes and set out in the applicable Final Terms. See “Subscription and Sale”.

U.S. Selling Restriction Regulation S, Category 1, TEFRA D, unless otherwise specified in the applicable Final Terms. The Notes are not eligible under Rule 144A of the United States *Securities Act of 1933*, as amended. See “Subscription and Sale”.

Clearing Systems: Euroclear, Clearstream, Luxembourg and/or any other additional clearing system as agreed between the Issuer, the Agent and the relevant Purchaser.

Risk Factors: There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand. A summary of such risks is set out under “Risk Factors” starting on page 12 of the Prospectus.

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfill their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor, as applicable, to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including information incorporated by reference) and any applicable Final Terms to reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors in that in some cases they may lose the value of their entire investment or part of it. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Final Terms provide for an Issuer Call Option, the Issuer may redeem all or some of the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factors, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factors, the greater the effect on yield.

Partly Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Note with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The issue price of Notes specified in the applicable Final Terms may be more than the market value of such Notes as of the issue date, and the price, if any at which a Dealer or any other person willing to purchase the Notes in secondary market transactions may be lower than the issue price.

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

Criminal Rate of Interest

The Notes will be governed by the laws of Québec and the laws of Canada applicable therein. Canada has a Criminal Code which prohibits the receipt of "interest" at a "criminal rate" (namely, an effective annual rate of interest that exceeds 60%). Accordingly, the provisions for the payment of interest or a Maturity Redemption Amount in excess of the aggregate principal amount of the Notes may not be enforceable if the provision provides for the payment of "interest" in excess of an effective annual rate of interest of 60%.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

European Union Savings Tax Directive

Under EC Directive 2003/48/EC on the taxation of savings income (the "**Savings Tax Directive**"), a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that Member State or to certain limited types of entities established in that other Member State. However, for a

transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Tax Directive, which may, if implemented, amend and broaden the scope of the requirements described above. Any changes could apply to Notes that have already been issued at the date of the amendment of the Savings Tax Directive.

If a payment of interest (or similar income) were to be made or collected through a Member State (or any non-EU country or territory which has adopted similar measures) which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Tax Directive.

Trading in the Clearing Systems

Notes may be issued with a minimum Specified Denomination and may be tradeable in the relevant clearing system(s) in amounts in excess of such minimum Specified Denomination that may not be integral multiples of such minimum Specified Denomination. In such a case, (i) should definitive Notes be required to be issued, a Noteholder who holds Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination on the relevant Exchange Date may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes so that such Noteholder's holding is an integral multiple of a Specified Denomination and (ii) a Noteholder who does not have at least the minimum Specified Denomination in its account with the relevant clearing systems at the relevant Exchange Date will not be able to exercise any direct rights against the Issuer under the relevant Global Note. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Euro-zone, or the potential dissolution of the euro entirely, could adversely affect the value of euro denominated Notes

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Euro-zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro-zone countries to establish a permanent stability mechanism, the European Stability Mechanism, which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro-zone countries after June 2013. Despite these measures, concerns persist regarding the debt burden of certain Euro-zone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of euro-denominated Notes.

Change of Law

The Terms and Conditions of the Notes are based on the laws of Québec and the laws of Canada applicable therein in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Québec or the laws of Canada applicable therein or administrative practice after the date of issue of the relevant Notes.

Notes in NGN Form

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for Eurosystem monetary policy and Eurosystem intra-day credit operations either upon issue or at any or all times during their life. However, in any particular case, such

recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Therefore, there are no assurances that the Notes issued in NGN form will be eligible collateral for the purposes of the Eurosystem. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

No obligation to maintain listing

The Issuer is not under any obligation to Noteholders to maintain any listing of Notes and may, in its sole discretion, determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Notes provided it uses its best endeavours to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate (including a market which is not a regulated market in the EEA or a market outside the EEA). However, if such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Notes as a result of the listing on a regulated market in the EEA, delisting such Notes may have a material effect on the ability to (i) continue to hold such Notes or (ii) resell the Notes in the secondary market.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed liquid secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors (such as Index-Linked Notes) or for Notes which are not listed on any stock exchange or for Notes the outstanding number of which is very low. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such a lack of liquidity may result in Noteholders suffering losses in secondary market resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these conditions will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings might not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings might not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU CRAs, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU CRA is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified credit rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant credit rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms, as applicable.

Interests of Dealers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the FSA or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) Exhibit 99.2 of the Amendment to the Issuer's Annual Report (on Form 18-K/A) for the fiscal year ended 31 March 2011 (containing the Financial Statements 2010-2011 (including the Auditor General's report thereon)), dated 9 November 2011 and filed with the United States Securities and Exchange Commission (the "SEC") on 9 November 2011 (the remainder of this Form 18K/A is either not relevant for investors in the Notes or covered elsewhere in this Prospectus);
- (b) Exhibit 99.2 of the Amendment to the Issuer's Annual Report (on Form 18-K/A) for the fiscal year ended 31 March 2010 (containing the Financial Statements 2009-2010 (including the Auditor General's report thereon)), dated 14 December 2011 and filed with the SEC on 14 December 2011 (the remainder of this Form 18K/A is either not relevant for investors in the Notes or covered elsewhere in this Prospectus);
- (c) Exhibit 99.1 of the Issuer's Annual Report (on Form 18-K) for the fiscal year ended 31 March 2012, dated 7 June 2012 and filed with the SEC on 7 June 2012 (the remainder of this Form 18-K is either not relevant for investors in the Notes or covered elsewhere in this Prospectus);
- (d) Exhibits 99.13, 99.14, 99.15 and 99.16 of the Amendment to the Guarantor's Annual Report (on Form 18-K/A) for the fiscal year ended 31 March 2011 (containing excerpts from the Guarantor's 2012-2013 Budget – Budget Speech and Budget Plan), dated 23 March 2012, and filed with the SEC on 23 March 2012 (the remainder of this Form 18K/A is either not relevant for investors in the Notes or covered elsewhere in this Prospectus);
- (e) Exhibit 99.1 of the Guarantor's Annual Report (on Form 18-K) for the fiscal year ended 31 March 2012, dated 7 June 2012 and filed with the SEC on 7 June 2012 (the remainder of this Form 18-K is either not relevant for investors in the Notes or covered elsewhere in this Prospectus);
- (f) Exhibits 99.6 and 99.7 of the Amendment to the Guarantor's Annual Report (on Form 18-K/A) for the fiscal year ended 31 March 2011 (containing the Consolidated Financial Statements – Volume 1 of the Public Accounts 2010-2011 and excerpts from the Update on Québec's economic and financial situation), dated 1 November 2011, and filed with the SEC on 1 November 2011 (the remainder of this Form 18-K/A is either not relevant for investors in the Notes or covered elsewhere in this Prospectus); and
- (g) the sections entitled "Terms and Conditions of the Notes" set out in the prospectuses dated June 10, 2011, June 11, 2010, June 18, 2009, June 18, 2008, July 12, 2007 and July 6, 2006 and relating to the Programme (for the avoidance of doubt, the applicable Final Terms for a Tranche of Notes will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Notes issued after the date hereof shall be those set out in this Prospectus) the remaining portions of the prospectuses dated June 10, 2011, June 11, 2010, June 18, 2009, June 18, 2008, July 12, 2007 and July 6, 2006 relating to the Programme are not relevant for prospective investors,

provided also that any statement contained in a document all or the relative portion of which is incorporated by reference shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of this Prospectus, any supplementary prospectus and the documents incorporated by reference in this Prospectus and any supplementary prospectus can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of "Financement Quebec" and the headline "Publication of Prospectus" and (ii) inspected during normal business hours at the office in London, United Kingdom of Deutsche Bank AG, London Branch, the issuing and principal paying agent for the Notes (the "Agent"), and collected without charge from the office of the Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada.

In respect of Notes to be admitted to the Regulated Market, the Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of any Notes, prepare or procure the preparation of a supplement to the Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale") that it will comply with Section 87G of the FSMA.

In respect of Notes to be admitted to the PSM, the Issuer will, in the event of (a) a significant change affecting any matter contained in the Listing Particulars the inclusion of which was required by Section 80 of the FSMA or by the Listing Rules or (b) a significant new matter arises in respect of which information would have been required to be included if it had arisen when the Listing Particulars were published, the Issuer shall publish supplemental Listing Particulars or new Listing Particulars as may be required by the UK Listing Authority. The Issuer has undertaken in the Programme Agreement (as defined in "Subscription and Sale") that it will comply with Section 81 of the FSMA.

The financial statements of the Issuer and of the Guarantor incorporated by reference in this Prospectus have not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 of the European Parliament and the European Council of the European Union.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, unconditionally and irrevocably guaranteed as to payment of principal and interest (together with any additional amounts which the Issuer may be required to pay in accordance with the Terms and Conditions of the Notes) by the Guarantor (the “**Guarantee**”) as described below, and having maturities of one month or longer or such other maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant currency. The applicable terms of any Notes will be agreed between the Issuer and the relevant Purchaser(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes attached to, endorsed upon or incorporated by reference into the Notes, as modified and supplemented by the applicable Final Terms, as more fully described under “Form of the Notes”.

Subject as set out herein, this Prospectus and any supplement will only be valid for the admission of Notes to the Official List (and to trading on the London Stock Exchange) and/or admission to any other relevant stock exchange or market in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under this Programme (including unlisted Notes) does not exceed U.S.\$2,000,000,000 or its equivalent in other currencies. For the purpose only of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms, described under “Form of the Notes”) shall be determined, at the discretion of the Issuer, either as of the date on which an agreement is reached for the issue of such Notes (the “**Agreement Date**”) or, if commercial banks or foreign exchange markets in London are not open on the Agreement Date, on the preceding day on which commercial banks and foreign exchange markets are open in London, in each case on the basis of the spot rate for sale of U.S. dollars against the purchase of such Specified Currency on the relevant day in the London foreign exchange market quoted by any leading bank active in the market selected by the Issuer, by reference to the nominal amount of such Notes outstanding on the relevant day (as determined in accordance with the provisions of (b), (c) and (d) below, to the extent applicable);
- (b) the U.S. dollar equivalent of Dual Currency Notes and Index-Linked Redemption Amount Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) shall be calculated in the manner specified in (a) above by reference to the nominal amount of such Notes on the issue date thereof;
- (c) the U.S. dollar equivalent of Partly Paid Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) shall be calculated in the manner specified in (a) above by reference to the nominal amount thereof, regardless of the amount paid up on such Notes; and
- (d) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) and any other Notes issued at a discount or premium of three per cent. or more of the nominal amount of such Notes shall be calculated in the manner specified in (a) above by reference to the net proceeds received by the Issuer for such Notes.

FINAL TERMS OR DRAWDOWN PROSPECTUS

In this section the expression “**necessary information**” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes.

Any information relating to the Notes which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the applicable Final Terms or in a Drawdown Prospectus. Such information will be contained in the applicable Final Terms unless, in accordance with Article 16 of the Prospective Directive, any of such information constitutes a significant new factor relating to the information contained in this Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of the Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the applicable Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be a single document containing the necessary information relating to the Issuer and the relevant Notes.

FORM OF THE NOTES

Unless otherwise specified in the applicable Final Terms, each issue of Notes will be in bearer form and will initially be represented by one or more temporary global Notes, without receipts, interest coupons or talons, which (i) if the temporary global Notes are intended to be issued in new global note (“**NGN**”) form as specified in the applicable Final Terms, will be delivered on or prior to the relevant Issue Date to a common safekeeper (the “**Common Safekeeper**”) for Euroclear and Clearstream, Luxembourg or (ii) if the temporary global Notes are intended to be issued in classic global note (“**CGN**”) form as specified in the applicable Final Terms, will be deposited on or prior to the relevant Issue Date with a depositary or a common depositary outside the United States on behalf of Euroclear and/or Clearstream, Luxembourg (the “**Common Depositary**”). 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 approved by the Issuer and the relevant Purchaser.

The applicable Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable or not in relation to the Notes, provided that if the Notes do not have a maturity of more than 365 days, the applicable Final Terms will specify that the TEFRA D Rules are not applicable.

Upon deposit of a temporary global Note with the Common Depositary, Euroclear and/or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

If an interest payment date for any Notes occurs whilst such Notes are represented by a temporary global Note, the related interest payment will be made (against presentation of the temporary global Note if the temporary global Note is issued in CGN form) only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the temporary global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream, Luxembourg. On or after the date (the “**Exchange Date**”) which is the later of (i) 40 days after the Issue Date of the Notes represented by the temporary global Note, as specified in the applicable Final Terms, and (ii) 40 days after completion of the distribution of the relevant Tranche, as certified by the relevant Purchaser(s) (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue), but, if such temporary global Note is issued in respect of a Tranche of Notes described as Partly Paid Notes in the applicable Final Terms, only if the final instalment on all outstanding such Notes has been paid, provided that certification of non-U.S. beneficial ownership has been received, interests in the temporary global Note will be exchangeable without charge for interests in one or more permanent global Notes. No payments will be made on a temporary global Note after the Exchange Date unless exchange for an interest in a permanent global Note is improperly withheld or refused. Payments of principal or interest (if any) in respect of a permanent global Note will be made through Euroclear, Clearstream, Luxembourg or the Approved Intermediaries, as the case may be, (against presentation or surrender, as the case may be, of the permanent global Note if the permanent global Note is in CGN form) without any requirement for certification. Unless otherwise specified in the applicable Final Terms, a permanent global Note will be exchangeable without charge, in whole but not in part, for security-printed definitive Notes in bearer form with receipts in respect of instalments of principal (if any) attached and (unless they are Zero Coupon Notes) interest coupons and talons for further coupons (if any) attached, only in the limited circumstances described under “Terms and Conditions of the Notes – Definitive Certificates”.

Temporary and permanent global Notes and definitive Notes will be issued by the Agent pursuant to the Agency Agreement. Until exchanged in full, the holder of an interest in any global Note shall in all respects be entitled to the same benefits as if it were the holder of definitive Notes, receipts and interest coupons, subject as set out in the Terms and Conditions.

The following legend will appear on all global Notes and definitive Notes which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

“Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code”.

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition or payment of principal in respect of Notes, receipts or interest coupons.

Direct Rights

Each global Note provides that the holder may cause such global Note, or a portion of it, to become due and repayable in the circumstances described under “Terms and Conditions of the Notes – Events of Default” by stating in the notice to the Agent the nominal amount of such global Note that is becoming due and repayable. If the principal in respect of any global Note is not paid before 8:00 p.m. (London time) on the relevant due date,

the holder of a global Note may elect for direct enforcement rights against the Issuer in favour of the persons who are shown on such relevant due date in the records of a clearing system as the holder of at least a Specified Denomination of Notes represented by such global Note. Following any such acquisition of direct rights, the global Note will become void as to the specified portion.

PRO FORMA FINAL TERMS (DENOMINATIONS OF AT LEAST €100,000)

Set out below is the form of Final Terms which will be completed for each Tranche issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency) and will contain such of the following information (which may be modified in relation to any particular issue of Notes by agreement between the Issuer, the Agent (to the extent that the obligations of the Agent under the Programme are affected by such modification(s)) and the relevant Purchaser(s) or (as the case may be) the Lead Manager), as is applicable in respect of such Notes (all references to numbered conditions being to the Terms and Conditions of the relevant Notes).

FINAL TERMS

Final Terms dated [Signing Date of Issue]

Financement-Québec

Unconditionally and Irrevocably Guaranteed by Québec

Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]

Under the U.S.\$2,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the [Prospectus/Listing Particulars]* dated • [and the supplementary [Prospectus(es)/Listing Particulars]* dated •]¹ which [together] constitute[s] [a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”)/Listing Particulars for the purposes of Chapter 4 of the FSA’s Listing Rules]*. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]* and must be read in conjunction with such [Prospectus/Listing Particulars]* [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Listing Particulars] [as so supplemented]*. The [Prospectus/Listing Particulars] [and the supplementary [Prospectus(es)/Listing Particulars]*], together with all documents incorporated by reference therein, [is][are] available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, the issuing and principal paying agent, at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, and on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under “Financement Quebec” and the headline “Publication of Prospectus” and copies may be obtained from the office of the Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus/Listing Particulars with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the [Prospectus/Listing Particulars]* dated [original date] which are incorporated by reference in the [Prospectus/Listing Particulars]* dated [current date]². This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”)* and must be read in conjunction with the [Prospectus/Listing Particulars]* dated [current date] [and the supplementary [Prospectus(es)/Listing Particulars] dated •], which [together] constitute[s] [a base prospectus for the purposes of the Prospectus Directive/listing particulars for the purpose of Chapter 4 of the FSA’s Listing Rules]*, save in respect of the Conditions which are extracted from the [Prospectus/Listing Particulars]* dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Listing Particulars] dated [current date] [and the supplementary [Prospectus(es)/Listing Particulars] dated • and •]]. The [Prospectus/Listing Particulars]

* Amend accordingly for issues of Notes admitted to trading on the PSM.

¹ Only include details of a supplemental Prospectus/Listing Particulars in which the Conditions have been amended for the purposes of all issues under the Programme.

² Only include details of a supplemental Prospectus/Listing Particulars in which the Conditions have been amended for the purposes of all issues under the Programme.

[and the supplementary [Prospectus(es)/Listing Particulars], including all documents incorporated by reference therein, are available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, the issuing and principal paying agent, at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, and on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under “Financement Québec” and the headline “Publication of Prospectus” and copies may be obtained from the office of the Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive. If so, to avoid rescission rights applicable to a supplement, one can do a Drawdown Prospectus incorporating by reference the Registration Document and Securities Note elements of the Prospectus and including these Final Terms (but renamed Pricing Supplement) and specific Risk Factors (if any) and a summary.]

1. (i) Issuer: Financement-Québec
- (ii) Guarantor : Québec
2. [(i)] Series Number: []
- [(ii)] Tranche Number: []
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount [of Notes admitted to trading]: []
- [(i)] Series: *[Insert total nominal amount of outstanding Notes, including the Tranche which is the subject of these Final Terms]*
- [(ii)] Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: []
- [Note – where multiple denominations above [] (or its equivalent) are being used, the following sample wording shall be followed:*
- [] [and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above [].]³

* Add for an issue to be admitted to trading on the PSM.

³ If Item 24 indicates that a Global Note is exchangeable for Definitive Notes in accordance with this option, such Notes may only be issued in denominations equal to the Specified Denomination and integral multiples thereof.

[So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in nominal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and higher integral multiples of at least [], notwithstanding that no definitive Notes will be issued with denominations above [].]

Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

- (ii) Calculation Amount: *[If only one Specified Denomination and no integral multiples, insert the Specified Denomination. If more than one Specified Denomination and no integral multiples, insert the highest common factor of the Specified Denominations. If Specified Denomination(s) and integral multiples, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations.]*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[] per cent. Fixed Rate]
[LIBOR/EURIBOR/Other (specify reference rate) +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis⁴: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Noteholder Put Option]
[Issuer Call Option]

⁴ If the Final Redemption Amount is other than 100% of the Specified Denomination, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.

[(further particulars specified below)]

13. [(i)] Status of the Notes: Senior
- [(ii)] [Date(s) of approval for issuance of Notes obtained: [] [and [], respectively]]
- (N.B. Only relevant where new resolution or Order-in-Council is required for the particular Tranche of Notes)*

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
(N.B. Day Count Fraction should be Actual/Actual (ICMA) for all fixed rate issues other than those denominated in U.S. dollars, unless otherwise agreed)
- (vi) Determination Dates: [] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of long or short first or last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether LIBOR or EURIBOR is the appropriate reference rate.)*
- (i) Specified Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

- (v) Additional Business Centre(s): []
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): []
- (viii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including any amendments to fallback provisions)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling LIBOR or euro LIBOR) and the first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Screen EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)
- (ix) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - Any other relevant terms: []
- (x) Margin(s): [+/-][] per cent. per annum
- (xi) Minimum Rate of Interest: [] per cent. per annum
- (xii) Maximum Rate of Interest: [] per cent. per annum
- (xiii) Day Count Fraction: []
(See Condition 4(b)(v) for definitions)
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Name and address of party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) due (if not the Agent): []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest or Calculation Period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Additional Business Centre(s): []
- (x) Minimum Rate/Amount of Interest: [] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [] per cent. per annum
- (xii) Day Count Fraction: []

19. **Dual Currency Note Provisions**⁵ [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Name and address of party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (Need to include a description of market disruption or settlement disruption events and adjustment provisions.)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [] per Calculation Amount
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period (if other than as set out in Condition 5(c)): []
- (N.B.: If setting notice periods which are different than those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, between the Issuer and the Agent.)*

⁵ If the Final Redemption Amount is other than 100% of the Specified Denomination, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.

21. **Noteholder Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in Condition 5(d)): []
- (N.B.: If setting notice periods which are different than those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, between the Issuer and the Agent.)*
22. **Final Redemption Amount**⁶ [[] per Calculation Amount/other/see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
- (ii) Name and address of party responsible for calculating the Final Redemption Amount (if not the Agent): []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount

⁶ If the Final Redemption Amount is other than 100% of the Specified Denomination, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.

23. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: **Bearer Notes:**
[Temporary Global Note exchangeable, on or after (*specify Exchange Date*) for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Globe Note]
25. New Global Note: [Yes/No]
26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(v) and 18(ix) relate*]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of Financement-Québec to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to Instalment Notes: amount of each instalment ("**Instalment Amount**") and date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to these Final Terms apply]
31. Consolidation provisions: [Not Applicable/The provisions annexed to these Final Terms apply]

32. Other final terms: [Not Applicable/give details]
- [(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]
34. If non-syndicated, name of Purchaser(s) and the account number(s) with Euroclear and/or Clearstream, Luxembourg to whom the Notes are to be credited: [Not Applicable/give name(s)/account number(s)]
35. U.S. selling restrictions: [Regulation S, Category 1; TEFRA D Rules/TEFRA Rules not applicable]
36. Additional selling restrictions (including any modifications to those contained in the Prospectus noted above): [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue and admission to [the Official List of the Financial Services Authority/other (*specify*)] and to trading on the [London Stock Exchange’s Regulated Market/other (*specify relevant regulated market*)/the London Stock Exchange’s Professional Securities Market] of Notes described herein pursuant to the U.S.\$2,000,000,000 Euro Medium Term Note Programme of Financement-Québec.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [(*Specify relevant third party information*) has been extracted from (*specify source*). The Issuer and Guarantor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Financement-Québec:

By: _____
Duly Authorised

Signed on behalf of Québec:

By: _____
Duly Authorised

PART B – OTHER INFORMATION⁷

1. LISTING

- (i) Listing/Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the FSA/other (*specify*)] and to] trading on [the London Stock Exchange's Regulated Market/other (*specify relevant regulated market*)/the London Stock Exchange's Professional Securities Market] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the FSA/other (*specify*)] and to] trading on [the London Stock Exchange's Regulated Market/other (*specify relevant regulated market*)/the London Stock Exchange's Professional Securities Market]. No assurance can be given as to whether or not, or when, such application will be granted]. [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: The [Programme] [Notes to be issued] [have been/has/is/are expected to be] [rated] [not been rated]:

[Standard & Poor's: []]
[Moody's US: []]
[[Other]: []]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[[insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, as amended, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[insert credit rating agency] is not established in the European Union but a European Union affiliate has applied for registration under Regulation (EC) No. 1060/2009, as

⁷ Please note that if an issue of Notes is not admitted to trading on a regulated market in the EEA or offered to the public in the EEA in circumstances requiring a prospectus under the Prospectus Directive, the Issuer may elect to amend/delete certain of the items of this Part B.

amended indicating an intention to endorse its ratings, although notification of the corresponding registration decision (including its ability to endorse [*insert credit rating agency*]'s ratings) has not yet been provided by the relevant competent authority.]

[[*insert credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended.]

[[*insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended.]

[[*insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”) but is certified in accordance with the CRA Regulation.]

[[*insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). However, the application for registration under the CRA Regulation of [*insert the name of the relevant EU credit rating agency affiliate that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert credit rating agency*].]

[[*insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). The ratings [[have been]/[are expected to be]] endorsed by [*insert the name of the relevant EU-registered credit rating agency*] in accordance with the CRA Regulation.]

The European Securities and Market Association (“**ESMA**”) is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation.

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: []

(See “Use of Proceeds” wording in the Prospectus. If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

[(iii) Estimated total expenses: []. [Include breakdown of expenses.]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)⁸

5. [Fixed Rate Notes only – YIELD

Indication of yield: [].

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]⁹

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].¹⁰

⁸ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

⁹ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

¹⁰ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

7. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]¹¹

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

8. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [Give name(s) and address(es)]

Names and addresses of additional Paying Agent(s) (if any) and if applicable a statement that it or they should be sole Paying Agent(s) for the Series: [Not Applicable/give name(s) and address(es)]

The person (other than an employee of the Agent), if any, who is to be authorised to complete and/or authenticate the Notes on behalf of the Agent, pursuant to a power of attorney from the Agent: [Not Applicable/give name(s) and address(es)]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories (“**ICSDs**”) as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]¹²

(Include this text if “Yes” selected in which case the Notes must be in New Global Note form)

¹¹ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

¹² Please note that in order for Notes to be recognised as eligible collateral, one of the eligibility criteria might be the provision of an acceptable legal opinion to the clearing systems and the European Central Bank.

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 Tranche (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 Tranche. 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 the Issuer subject to, and with the benefit of, an Agency Agreement amended and restated as of 15 June 2012 (as amended from time to time) (the “**Agency Agreement**”) made between the Issuer, Deutsche Bank AG, 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 indicated 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, “**Tranche**” means Notes of the same Series which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices, and the expressions “**Notes of the relevant Series**” and “**holders of Notes of the relevant Series**” and related expressions shall be construed accordingly. The Issuer may create and issue additional Tranches in accordance with Condition 16.

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 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, United Kingdom and for collection without charge from the office of the Executive Vice President and Secretary of the Issuer 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 Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada. In addition, copies of the applicable Final Terms relating to Notes which are either admitted to trading on the 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/exchange/news/market-news/market-news-home.html> under the name of “Financement 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 the Issuer, 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 "**Receipholders**") 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 in this Series are delivered to or deposited with 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, 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, a common depositary 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. The Issuer 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 the Issuer.

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 the Issuer, 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 the Issuer, 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 the Issuer and the relevant Purchaser 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 the Issuer 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 the Issuer 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 the authorised signatories of the Issuer) is delivered to the Agent for display to the Noteholders together with a request that definitive Notes be issued. In such circumstances, the Issuer 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 the Issuer. The Notes will rank equally among themselves and with all other debentures, notes or similar debt securities issued by the Issuer and outstanding at the date of issue of the Notes and in the future.

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, England and in each 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 “**TARGET 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) the Issuer 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 the Issuer 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 on the functioning of the European Union, as amended by the Treaty on European Union, as amended.

(iv) *Minimum Rate of Interest 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_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ D_1 ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“ D_2 ” 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_1 is greater than 29, in which case D_2 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_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ D_1 ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“ D_2 ” 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_2 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 the Issuer 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 the Issuer, the Guarantor, 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***

Each 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, each Note will be repaid by the Issuer 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, the Issuer 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, the Issuer

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, the Issuer shall be bound to redeem the Notes of this Series accordingly.

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

If an Issuer Call Option is specified in the applicable Final Terms as being applicable, the Issuer 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) indicated 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 indicated 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 the Issuer 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), the Issuer 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 indicated 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 the Issuer 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, the Issuer 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 the Issuer, 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 the Issuer.

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 the Issuer 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 the Issuer 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 the Issuer. 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) the Issuer 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 the Issuer, adverse tax consequences to the Issuer.

(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 (in the case of Definitive Notes only); and
 - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) 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 (B) in relation to Notes denominated or payable in euro, a day on which the TARGET System is open.

(g) Conversion into euro

Unless specified otherwise in the applicable Final Terms, if the Issuer is due to make a payment in a currency (the “**original currency**”) other than euro in respect of any Note, Coupon or Receipt and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency’s replacement or disuse or other circumstances beyond the Issuer’s control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in euro on the basis of the spot exchange rate (the “**Euro FX Rate**”) at which the original currency is offered in exchange for euro in the London foreign exchange market (or, at the option of the Issuer or its designated Calculation Agent, in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two Business Days prior to the date on which payment is due or, if the Euro FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Issuer or by its designated Calculation Agent acting in its absolute discretion from such source(s) and at such time as it may select. For the avoidance of doubt, the Euro FX Rate or substitute exchange rate as aforesaid may be such that the resulting euro amount is zero and in such event no amount of euro or the original currency will be payable. Any payment made in euro or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 10 or trigger the Issuer’s indemnification obligation under Condition 14.

(h) 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 the Issuer 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 the Issuer 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. The Issuer 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 the Issuer without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

The Issuer 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) the Issuer 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 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, the Issuer 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, the Issuer 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 the Issuer 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, the Issuer 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, duties, assessments or charges 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 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) the Issuer 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 the Issuer 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) the Issuer or the Guarantor 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, 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 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 the Issuer at the office of the Executive Vice President and Secretary of the Issuer, at 12, rue Saint-Louis, 2e étage, Québec, Québec, Canada G1R 5L3, with a copy to the Ministère des Finances, Direction principale du financement des organismes publics et de la documentation financière, 12, rue Saint-Louis, 2e étage, Québec, Québec, Canada 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, upon payment by the claimant of the expenses incurred by the Issuer and the Agent in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Issuer 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, the Issuer'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 the Issuer 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 the Issuer 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 the Issuer, in consultation with the Agent, shall decide. The Issuer 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 the Issuer 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, the Issuer 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. Guarantee

Québec will irrevocably and unconditionally guarantee the due and punctual payment, upon default in payment by the Issuer, of all amounts due under the Notes and Coupons, if any, (including any additional amounts payable thereunder), as and when the same shall become due and payable, whether at stated maturity or on redemption, by acceleration or otherwise, and will expressly waive the benefits of discussion and division. The Guarantee will be endorsed on, or attached to, the Notes and will, when the Notes are completed, executed, authenticated and delivered against payment therefor, constitute direct, legal, valid, binding and unconditional obligations of Québec. Any funds required for the Guarantee shall be taken out of the Consolidated Revenue Fund of Québec.

16. Further Tranches

The Issuer 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.

17. 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.

The Issuer irrevocably consents to the fullest extent permitted by law to the giving of any relief (including, without limitation, the making, enforcement or execution against any property 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.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer in the pursuit of its objectives. If, in relation to any particular issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference in this Prospectus. See paragraphs (a), (b) and (c) of the section entitled "Documents Incorporated by Reference".

In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. The fiscal year of Financement-Québec ends 31 March. "**Fiscal 2012**" and "**2011-2012**" refer to the fiscal year ended 31 March 2012, and, unless otherwise indicated, "**2011**" means the calendar year ended 31 December 2011. Other fiscal and calendar years are referred to in a corresponding manner. Any discrepancies between the amounts listed and their totals in the tables included in this Prospectus are due to rounding.

General

Created in 1999 pursuant to *An Act respecting Financement-Québec* (R.S.Q., c. F-2.01) (the "**Act**"), Financement-Québec is a corporation whose share capital is wholly owned by the Government of Québec (the "**Government**" or "**Québec**"). Its objective is to provide financial services to public organizations, in particular by granting loans to them and providing advice to facilitate their access to credit and minimize their cost of financing. Financement-Québec currently makes loans to educational and health and social services entities and municipalities. Its enabling legislation also permits loans to other organizations designated by the Government.

Financement-Québec was created to assume some of the functions previously performed by the Financing Fund. The Financing Fund was established in 1991 to provide financing to certain public bodies that had formerly borrowed funds in their own names. These entities included educational and health and social services organizations as well as other public bodies such as government organizations or enterprises.

Following an accounting reform announced in 1998, the functions of the Financing Fund were limited to government organizations and enterprises whose results are consolidated in Québec's financial statements. The loans to organizations not consolidated in Québec's financial statements were then transferred to Financement-Québec.

In 2007, the Government undertook a major reform of its accounting policies in order to fully comply with Canadian generally accepted accounting principles ("**GAAP**") applicable to the public sector. In this regard, as of 1 April 2006, the financial results of public health and social services institutions, school boards and CEGEPs (Collèges d'enseignement général et professionnel), as well as the Université du Québec and its branches, are consolidated in Québec's financial statements. As a result of the reform, most of Financement-Québec's clients now have their financial results consolidated in Québec's financial statements.

The address and phone number of Financement-Québec are 12, rue Saint-Louis, Québec, Québec, Canada G1R 5L3 and (418) 691-2203, respectively.

Relationship with Québec

Financement-Québec is a mandatary of Québec, the civil law equivalent of an agent, and is under the responsibility of the Minister of Finance (the "**Minister**"). Despite its status as a mandatary of Québec, Financement-Québec binds none but itself when it acts in its own name. The property of Financement-Québec forms part of the domain of Québec but execution of Financement-Québec's obligations may be levied against its property.

Borrowings by Financement-Québec must be approved by the Government and it issues debt securities that are guaranteed by Québec.

Pursuant to the Act, Financement-Québec is administered by a board of nine directors consisting of: four directors from the Ministère des Finances (Ministry of Finance); one director representing each of the Ministère de l'Éducation, du Loisir et du Sport (Ministry of Education, Recreation and Sports), the Ministère de la Santé et des Services Sociaux (Ministry of Health and Social Services) and the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire (Ministry of Municipal Affairs, Regions and Land Occupancy); and two other directors. Currently, three seats are vacant.

Financement-Québec operates with the support and management expertise of the Ministère des Finances. Financement-Québec must periodically prepare an operating plan that must be approved by the Minister. The Minister may issue directives concerning the policy and general objectives to be pursued by Financement-

Québec. These directives must be approved by the Government and, once approved, are binding on Financement-Québec.

Financement-Québec's books and accounts are audited by the Auditor General and the audit report, together with the annual report of operations and complete financial statements, are submitted to the Minister.

Operations of Financement-Québec

To date, Financement-Québec's activities primarily consist of granting loans. Loans made to public entities are principally to fund capital expenditures. Such capital expenditures must have been approved by the Government. In addition to granting loans and providing financial advice to public entities in Québec, Financement-Québec may also develop and implement financing programs for these entities, manage their financial risks, in particular cash and currency risks, and provide them with technical services. These technical services may include financial analysis as well as management and investment of their funds.

Starting in Fiscal 2010, Financement-Québec began undertaking a portion of the short-term financing to health and social services entities that was previously funded by the Corporation d'hébergement du Québec; an initial portion amounting to \$1,135 million in short-term financing was transferred to Financement-Québec on 1 November 2009 and an additional portion amounting to \$1,365 million was added to Financement-Québec's activities in Fiscal 2011. Although most of these loans are to fund capital expenditures, a portion of the loans transferred in Fiscal 2011 is to fund operational needs of some health and social services entities. Those financings are now fully integrated and part of Financement-Québec's ongoing operations.

In January 2009, the federal government instituted a new Municipal Infrastructure Lending Program for Housing-Related Infrastructure (the "**Program**"). In Québec, Financement-Québec acted as a pass-through for the Program. As at 4 March 2010, representatives of Québec and Canada reached an agreement which would allow Financement-Québec to borrow from Canada Mortgage and Housing Corporation (CMHC), and lend on the same terms to Québec's municipalities. The Program ended as at 31 March 2011 and no new loans will be added pursuant to this one time operation. As at 31 March 2012, the loans to municipalities amounted to \$1,146 million (\$1,208 million as at 31 March 2011). Loans will be fully amortized by 29 March 2031.

Financement-Québec reduces its financial risk associated with loans either (i) by obtaining a security interest on the subsidies that these public entities receive from the Government to cover the debt service of such loans, or (ii) by obtaining an engagement from the Minister responsible to provide support to entities in order to prevent any default or to compensate Financement-Québec for any default under such loans. Furthermore, loans are made to the public entities with terms matched to the underlying liabilities of Financement-Québec. Sources of revenue to repay these loans come from transfers received by the public entity from Québec and, in the case of municipalities, from their own revenue sources.

Financement-Québec uses interest rate swap contracts to manage interest rate risks on its financial intermediation activities. Interest rate swap contracts give rise to the periodic exchange of interest payments without an exchange of the reference face amount on which the payments are based and are recorded as an adjustment to the interest expense on the covered borrowing instrument. As of 31 March 2012, on a preliminary basis, the nominal value of outstanding interest rate swap contracts in Canadian currency was \$16,858 million (31 March 2011: \$17,257 million).

Financement-Québec also uses currency swap contracts to manage its risk exposure under certain borrowing instruments denominated in foreign currencies. Financement-Québec uses currency swap contracts to cover its firm commitments to pay the principal of and interest on debt denominated in foreign currencies, failing which it would be exposed to a foreign exchange risk. Exchange gains and losses on the principal covered by swap contracts are offset by corresponding exchange losses and gains on the debt denominated in foreign currencies. As of 31 March 2012, on a preliminary basis, the nominal value of outstanding currency rate swap contracts in Canadian currency was \$782 million (31 March 2011: \$782 million).

Financement-Québec has outstanding loans to educational institutions, including school boards, colleges and universities, to health and social services entities, including hospitals, local community service centers and institutions for seniors and to municipalities. As of 31 March 2012, on a preliminary basis, the total amount of outstanding loans was \$23,504 million, and no short-term investment (31 March 2011: \$21,796 million; excluding short term investments amounting to \$126 million). The proportion of total loans outstanding for each category of borrowers at that date was: school boards, 29%; colleges, 8%; universities and others, 15%; health and social services, 43% and municipalities, 5%. The operating plan for fiscal year 2012-2013, as presented by Financement-Québec to the Minister, forecasts loans of \$1,605 million to be granted to school boards, \$363 million to colleges, \$925 million to universities and \$1,923 million to hospitals and other health and social services entities.

Sources of Funds

Financement-Québec debt consists of funded and unfunded debt. Unfunded debt is indebtedness with a maturity of one year or less. As of 31 March 2012, on a preliminary basis, funded debt for borrowings of Financement-Québec on financial markets in its own name, with the guarantee of Québec, amounted to \$20,657 million. On a preliminary basis, Financement-Québec's unfunded debt totals \$2,657 million as of 31 March 2012. Furthermore, pursuant to the Act, the Government may authorise the Minister to advance out of the Consolidated Revenue Fund to Financement-Québec any sums considered necessary to perform its obligations or pursue its mission. See the following table relating to the funded and unfunded debt for fiscal years 2009, 2010 and 2011 as well as the preliminary results for Fiscal 2012 and the Fiscal 2013 forecast.

Funded and unfunded debt

	2008-2009	2009-2010	2010-2011	Preliminary Results 2011-2012	Forecast 2012-2013
	(dollar amounts in millions)				
Funded					
Advances from Québec	602.0	209.6	205.3	144.3	140.0
Borrowings on the market	13,200.1	15,022.3	17,745.5	19,238.4	21,602.7
Borrowings from CMHC	--	--	1,208.1	1,146.3	1,082.4
Other borrowings	--	--	150.6	127.8	104.8
	<u>\$13,802.1</u>	<u>\$15,231.9</u>	<u>\$19,309.5</u>	<u>\$20,656.8</u>	<u>\$22,929.9</u>
Unfunded	<u>754.0</u>	<u>1,460.0</u>	<u>2,454.5</u>	<u>2,656.7</u>	<u>2,569.2</u>
Total	<u><u>\$14,556.1</u></u>	<u><u>\$16,691.9</u></u>	<u><u>\$21,764.0</u></u>	<u><u>\$23,313.5</u></u>	<u><u>\$25,499.1</u></u>

Management

Financement-Québec has an agreement with the Minister under which employees of the Ministère des Finances contribute to the operations of Financement-Québec.

The Minister appoints the Board of Directors and also designates the Chief Executive Officer of Financement-Québec. The current composition of the Board of Directors of Financement-Québec is set forth below.

Current composition of the Board of Directors

Name	Position with Financement-Québec	Position outside Financement-Québec
Bernard Turgeon	Chairman of the Board, President and Chief Executive Officer	Associate Deputy Minister Federal-Provincial Policy Financing, Debt Management and Financial Operations Ministère des Finances 12, rue Saint-Louis, 2 ^e étage Québec, Québec, Canada G1R 5L3
Nathalie Parenteau	Vice Chairman of the Board, Executive Vice President and Secretary Vice-President, Finance	Senior Director — Financing of Public Organizations and Financial Documentation Ministère des Finances 12, rue Saint-Louis, 2 ^e étage Québec, Québec, Canada G1R 5L3
Alain Bélanger	Director	Director General — Financing and Debt Management Ministère des Finances 12, rue Saint-Louis, 2 ^e étage Québec, Québec, Canada G1R 5L3
Jean Monfet	Director	Director General — Municipal Finances Ministère des Affaires municipales, des Régions et de l'Occupation du territoire 10, rue Pierre-Olivier-Chauveau, 1 ^{er} étage Québec, Québec, Canada G1R 4J3
Jean Pronovost	Director	Corporate Director 3451, Place du Trianon Québec, Québec, Canada G1X 2G1
Brigitte Guay	Director	Assistant Deputy Minister Mission Support and Student Financial Assistance Services Ministère de l'Éducation, du Loisir et du Sport 1035, de la Chevrotière, 20 ^e étage Québec, Québec, Canada G1R 5A5

Financial Statements

The data presented in the following tables were prepared by Financement-Québec from complete financial statements of Financement-Québec for fiscal years 2009, 2010 and 2011, which were audited by the Auditor General, and preliminary results for Fiscal 2012 and the Fiscal 2013 forecast, which are included in the Québec Budget of 20 March 2012. The financial statements are prepared by Financement-Québec's management in accordance with GAAP. The audit was conducted by the Auditor General in accordance with Canadian generally accepted auditing standards (GAAS).

In order to apply an accounting rule already used by the Government of Québec, effective in Fiscal 2012, revenues from issuance and management fees are measured over the life of the loan using the effective interest method (formerly recognized when received or receivable). This method also applies to premiums and discounts, if any, on debt and loan issuances (formerly recognized using the straight-line method). Fiscal 2011 results were also restated to reflect this method. Results from Fiscal 2010 and earlier years have not been restated.

Income Statement

	Results	Results	Results	Preliminary	Forecast
	2008-2009	2009-2010	2010-2011 ⁽¹⁾	Results 2011-2012	2012-2013
(dollar amounts in thousands)					
Net Interest Income					
Interest on loans	\$687,617	\$667,954	\$753,845	\$830,771	\$798,628
Interest on advances from Québec and on borrowings	(665,983)	(621,338)	(708,026)	(797,758)	(760,353)
Total Income⁽²⁾	21,634	46,616	45,819	33,013	38,275
Administration And Operating Expenses					
Service agreement with the Ministère des Finances	(372)	(231)	67	15	(67)
Wages, salaries and allowances	(571)	(669)	(711)	(867)	(933)
Professional, administrative and other services	(77)	(249)	(347)	(189)	(65)
Total Expenditures	(1,020)	(1,149)	(991)	(1,041)	(1,065)
Net Earnings	\$20,614	\$45,467	\$44,828	\$31,972	\$37,210

Statement of Retained Earnings

Beginning Balance	\$84,245	\$104,859	\$123,080	\$167,908	\$199,880
Net income	20,614	45,467	44,828	31,972	37,210
Ending Balance	\$104,859	\$150,326	\$167,908	\$199,880	\$237,090

(1) Fiscal 2011 results restated to reflect the effective interest rate method.

(2) In Fiscal 2010, net interest income increased to \$46.6 million from \$21.6 million in Fiscal 2009, due mainly to a significant decrease in short-term rates on borrowings at floating rates, and also as a result of growth in lending activities (both factors contributing \$21.8 million). Net income from management and issuance fees increased to \$12.6 million from \$9.4 million in Fiscal 2009 (\$3.2 million), mainly due to lower rates of commissions paid for long-term borrowings compared to fee rates received from clients and growth in lending activities. In Fiscal 2011, net interest income decreased to \$45.8 million from \$46.6 million in Fiscal 2010, due mainly to the introduction of the effective interest rate accounting method. Based on the preliminary results for Fiscal 2012, net interest income decreased to \$33.0 million from \$45.8 million, due mainly to a decrease in long-term interest rates. Based on the Fiscal 2013 forecast, Financement-Québec expects an increase of net interest income from \$33.0 million to \$38.3 million due mainly to carrying fees that are expected to be significantly lower in Fiscal 2013.

Source: Financement-Québec

Balance Sheet

	Results 2008-2009	Results 2009-2010	Results 2010-2011 ⁽¹⁾	Preliminary Results 2011-2012	Forecast 2012-2013
(dollar amounts in thousands)					
Financial Assets					
Loans	\$14,658,171	\$16,850,464	\$21,796,216	\$23,503,528	\$25,827,920
Other assets	182,783	178,062	357,646	225,610	213,182
Total Assets	\$14,840,954	\$17,028,526	\$22,153,862	\$23,729,138	\$26,041,102
Liabilities					
Advances from Québec ⁽²⁾	\$602,005	\$209,573	\$205,322	\$144,268	\$139,965
Borrowings ^{(3) (4)}	13,954,105	16,482,266	20,199,984	21,895,135	24,281,832
Borrowings from CMHC	-	-	1,208,110	1,146,336	1,082,351
Other borrowings ⁽⁵⁾	-	-	150,615	127,833	104,891
Other liabilities ⁽⁶⁾	169,985	176,361	222,277	216,302	197,685
	\$14,726,095	\$16,868,200	\$21,986,308	\$23,529,874	\$25,806,714
Net Financial Assets	114,859	160,326	167,554	199,264	234,388
Non-Financial Assets	-	-	454	716	2,702
Net Assets	\$114,859	\$160,326	\$168,008	\$199,980	\$237,090

(1) Fiscal 2011 results restated to reflect the effective interest rate method.

(2) Includes \$2,652 million of bond premiums and discounts as of 31 March 2012, \$3,680 million as of 31 March 2011, \$4,562 million as of 31 March 2010 and \$6,370 million as of 31 March 2009. Includes \$89 million of deferred issuance expenses as of 31 March 2012 and \$0.095 million as of 31 March 2011.

(3) Includes short-term debt of \$2,657 million as of 31 March 2012, \$2,454 million as of 31 March 2011, \$1,460 million as of 31 March 2010 and \$754 million as of 31 March 2009.

(4) Includes \$25,837 million of bond and swap premiums and discounts as of 31 March 2012, \$1,559 million of bond and swap premiums and discounts as of 31 March 2011, \$12,634 million of bond and swap premiums and discounts as of 31 March 2010 and \$15,083 million of bond and swap premiums and discounts as of 31 March 2009. Includes \$23,141 million of deferred issuance expenses as of 31 March 2012 and \$21,800 million as of 31 March 2011.

(5) Includes \$0.125 million of bond premiums and discounts as of 31 March 2012 and \$0.150 million as of 31 March 2011.

(6) Represents accrued interest payable on borrowings and advances, accounts payable and deferred revenue.

Source: Financement-Québec

Maturities of Financement-Québec Loans and Debt (Borrowings and Advances from Québec)

	As of 31 March 2012	
	(dollar amounts in millions)	
	Loans ⁽¹⁾	Debt ^{(2) (3)}
2013	\$4,252	\$4,458
2014	2,626	3,655
2015	4,140	3,477
2016	2,193	1,820
2017	3,002	3,016
2013 – 2017	<u>\$16,213</u>	<u>\$16,426</u>
2018 – 2022	\$4,546	\$4,237
2023 – 2027	694	563
2028 – 2032	719	540
2033 – 2037	1,332	1,547
	<u>\$23,504</u>	<u>\$23,313</u>

(1) Includes \$0.220 million of loan premiums and discounts and \$65,765 million of deferred income from issuance fees as of 31 March 2012.

(2) Amounts denominated in foreign currencies are shown at the Canadian dollar equivalent as at 31 March 2012, after taking into account currency swap agreements.

(3) Presented at their nominal value.

Source: Financement-Québec

Share of Financement-Québec Loans and Debt (Borrowings and Advances from Québec)

	As of 31 March 2012			
	(dollar amounts in millions)			
	Loans		Debt ⁽¹⁾	
	\$	%	\$	%
Fixed rates	18,675	79.5	18,292	78.5
Floating rates ⁽²⁾	4,829 ⁽³⁾	20.5	5,021	21.5
	<u>23,504</u>	<u>100.0</u>	<u>23,313</u>	<u>100.0</u>

(1) Amounts denominated in foreign currencies are shown at the Canadian dollar equivalent as at 31 March 2012, after taking into account currency swap agreements.

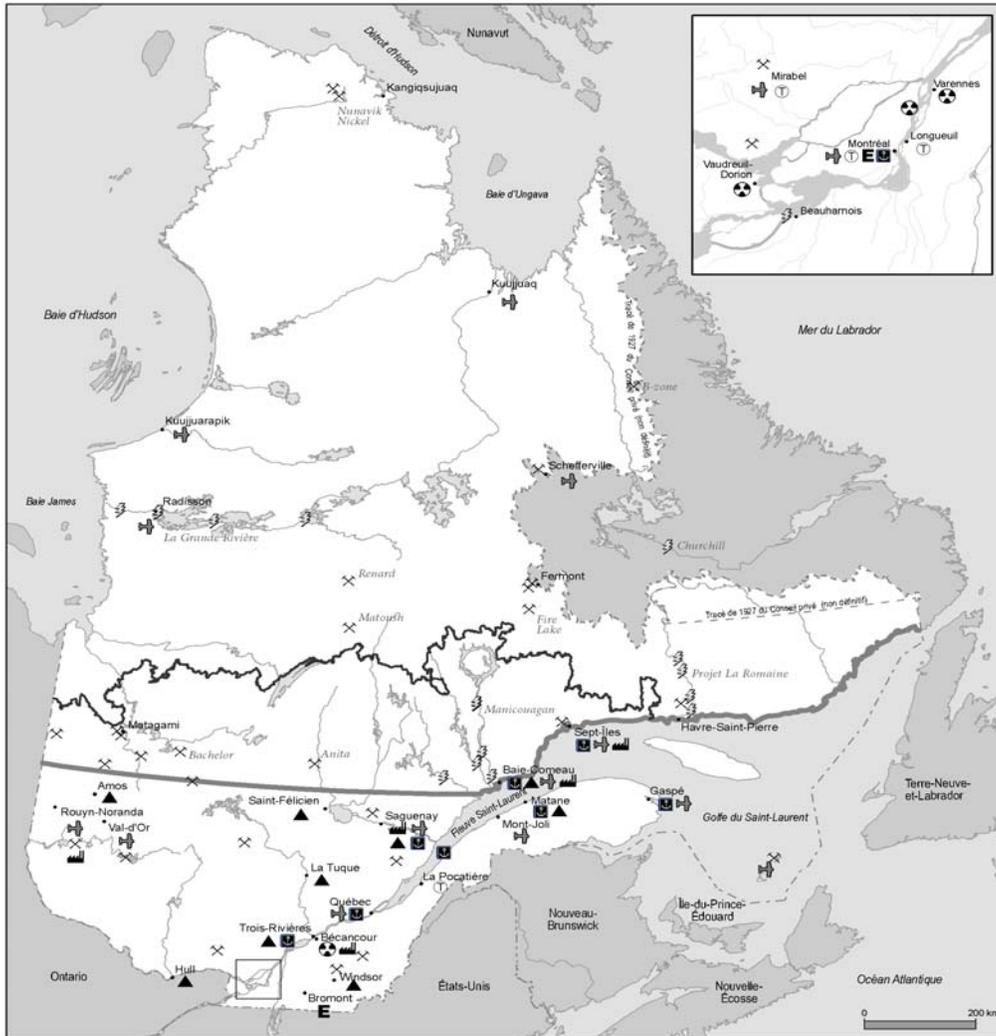
(2) All loans and debts of less than one year maturity as at 31 March 2012 are reported as floating rates.

(3) Including current investments.

Source: Financement-Québec

DESCRIPTION OF THE GUARANTOR – QUÉBEC

Québec



Economic Activities

- Airport
- Aluminum
- Electricity
- Electronics
- Mine
- Port
- Chemical Products
- Forestry Products
- Transport

Boundaries

- Northern boundary of the boreal forest
- Southern boundary of the area covered by the Plan Nord

Borders

- International border
- Interprovincial border
- Québec – Newfoundland and Labrador border (non-definitive)

© Gouvernement du Québec, 2012

The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference in this Prospectus. See paragraphs (d), (e) and (f) of the section entitled "Documents Incorporated by Reference".

In this Prospectus, statistics for the economy of Québec are set forth on a calendar year basis at market prices, except as otherwise indicated. Economic statistics for recent years frequently are estimates or preliminary figures which are subject to revisions by the statistical agencies. Financial statistics for Québec are set forth on a fiscal year basis (from 1 April to 31 March of the succeeding year), unless otherwise noted.

The fiscal year of Québec ends 31 March. "**Fiscal 2012**" and "**2011-2012**" refer to the fiscal year ended 31 March 2012, and, unless otherwise indicated, "**2011**" means the calendar year ended 31 December 2011. Other fiscal and calendar years are referred to in a corresponding manner. Any discrepancies between the amounts listed and their totals in the tables included in this Prospectus are due to rounding.

Overview

Québec is the largest by area of the ten provinces in Canada (1,667,441 square kilometers or 643,803 square miles, representing 17% of the geographical area of Canada) and the second largest by population (8.0 million, representing 23.1% of the population of Canada, as of January 2012). The population of Québec has increased on average by 0.9% per year since 2007. In the same period, the population of Canada has increased on average by 1.1%.

Québec has a modern, developed economy, in which the service sector contributed 75.7%, the manufacturing industry 16.0%, the construction industry 6.1% and the primary sector 2.2% of real GDP at basic prices in chained 2002 dollars in 2011. Québec's real GDP represented 20.5 % of Canada's real GDP in 2011. The leading manufacturing industries in Québec are primary metal products (including aluminum smelting), food products, petroleum and coal products, transportation equipment products (including aircraft and motor vehicles and associated parts), chemical products, paper products and fabricated metal products. Québec also has significant hydroelectric resources, generating 33.6% of the electricity produced in Canada in 2011.

Montréal and Ville de Québec, the capital of Québec, are the main centers of economic activity. Montréal is one of the important industrial, commercial and financial centers of North America and is Canada's second largest urban area as measured by population. Port of Montréal, situated on the St. Lawrence River, is Canada's second largest port in terms of operating revenues and provides access to the Atlantic Ocean and the inland navigation system of the Great Lakes.

French is the official language of Québec and is spoken by approximately 95% of its population.

Constitutional Framework

Canada is a federation of ten provinces and three federal territories, with a constitutional division of responsibilities between the federal and provincial governments as set out in *The Constitution Acts, 1867 to 1982* (the "**Constitution**").

Under the Constitution, each provincial government has exclusive authority to raise revenue for provincial purposes through direct taxation within its territorial limits. Each provincial government also has exclusive authority to regulate education, health, social services, property and civil rights, natural resources, municipal institutions and, generally, all other matters of a purely local or private nature in its province. Additionally, each province has the exclusive authority to regulate, and raise revenue from, the exploration, development, conservation and management of natural resources.

The federal parliament is empowered to raise revenue by any method or system of taxation and generally has authority over matters or subjects not assigned exclusively to the provinces. It has exclusive authority over the regulation of trade and commerce, currency and coinage, banks and banking, national defence, naturalization and aliens, postal service, navigation and shipping and bills of exchange, interest and bankruptcy.

The *Constitution Act, 1982* (the "**Constitution Act**") provides, among other things, that amendments to the Constitution be effected in Canada according to an amending formula and no longer through enactments of the Parliament of the United Kingdom. The Constitution Act also includes various modifications to the Constitution. The Constitution Act came into effect in 1982 notwithstanding the opposition of the National Assembly of Québec (the "**National Assembly**") and the government of Québec (the "**Government**") to certain clauses relating to provincial jurisdiction and the terms of the amending formula.

The Parti Québécois, which has as its principal objective the sovereignty of Québec, formed the Government from September 1994 to April 2003. During its term in office, the Parti Québécois tabled in the National Assembly a Bill entitled *An Act respecting the future of Québec* (the “Act”), which provided that upon receipt of a favourable vote in a referendum, the Act would be enacted and Québec would proclaim its sovereignty following a formal offer to Canada of a treaty of economic and political partnership. In November 1995, a slight majority of Québec citizens (50.6%) voted against the Act.

The Supreme Court of Canada decided in August 1998, on a reference from the federal government in which Québec did not participate, that (i) under the Constitution, Québec may not secede unilaterally without negotiation with the other parties in the Canadian Confederation within the existing constitutional framework; (ii) under international law, Québec has no right to secede unilaterally from Canada; (iii) nonetheless, the clear repudiation by the people of Québec of the existing constitutional order and the clear expression of a desire to pursue secession would oblige the other provinces and the federal government to negotiate in accordance with constitutional principles, and Québec would also have to negotiate in accordance with such principles; and (iv) if Québec were to so negotiate but face unreasonable intransigence from the other parties, it would be more likely to be recognized than if it did not itself act according to constitutional principles in the negotiations.

The Québec Liberal Party, a federalist party, won a third consecutive mandate at the general election in December 2008. It currently forms the Government in the National Assembly. With regard to the constitutional issue, the Québec Liberal Party pursues a policy that emphasizes the values of Canadian federalism. In particular, its platform is focused on strengthening Québec’s place within the federation, on forming new alliances with the other provinces and on promoting intergovernmental cooperation.

Government

Legislative power in Québec is exercised by the National Assembly and the Lieutenant-Governor (the Parliament). The National Assembly consists of 125 members elected by popular vote from single member districts. According to constitutional practice, the leader of the party with the largest number of elected members becomes Prime Minister and forms the Government.

Executive power in Québec is vested in the Lieutenant-Governor acting with, or on the recommendation of, the Conseil exécutif, which consists of the Prime Minister and the Cabinet (Conseil des ministres). The Conseil exécutif is accountable to the National Assembly.

The current National Assembly consists of 63 members of the Québec Liberal Party, 46 members of the Parti québécois, 9 members of the Coalition avenir Québec, 1 member of Québec solidaire, 1 member of Option nationale, 2 independents and 3 vacant seats. Members are elected for a term of five years, subject to earlier dissolution of the National Assembly by the Lieutenant-Governor upon the recommendation of the Prime Minister or following the Government’s defeat on a vote of no confidence. The mandate of the current Government extends through the next election, which must be called no later than December 2013.

We refer you to the following additional relevant information described in Exhibit 99.1 or Exhibit 99.6 of Québec’s Form 18-K, which can be found in the following sections:

Items	Reference pages in Exhibit 99.1 of Québec’s Form 18-K for the fiscal year ended 31 March 2012 and Exhibit 99.6 of the Amendment to Québec’s Form 18-K for the fiscal year ended 31 March 2011
Description of the Economy and Gross Domestic Product	“Economy” on pages 13 through 25 of Exhibit 99.1
Tax System	“Taxes” on pages 34 and 35 of Exhibit 99.1
Government Finances	“Government Finances” on pages 26 through 42 of Exhibit 99.1
Consolidated Financial Statements	“Consolidated Financial Statements” on pages 67 through 119 of Exhibit 99.6
Debt of the Province	“Public Sector Debt” on pages 48 through 54 of Exhibit 99.1

<p>Legal and Arbitration Proceedings. See:</p> <ul style="list-style-type: none"> ● “Native Peoples” ● “Softwood Lumber Dispute” ● “Taxes” ● “Government Employees and Collective Unions” ● “Retirement Plans” ● “Government Enterprises and Agencies” 	<p>pages 10 through 13 of Exhibit 99.1 pages 24 and 25 of Exhibit 99.1 pages 34 and 35 of Exhibit 99.1 pages 38 and 39 of Exhibit 99.1 pages 40 and 41 of Exhibit 99.1 page 46 of Exhibit 99.1</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Payment Record

Québec has paid the full face amount of the principal of and premium, if any, and interest on (a) every debt security issued or assumed by it, and (b) every indirect debt security on which it has been required to implement its guarantees, all promptly when due in the currency and in the country where payable, subject to any applicable laws and regulations forbidding trading with the enemy during wartime.

Auditor General

The Minister of Finance is responsible, among other things, for the preparation of the public accounts and the other financial reports of the Government. The Comptroller of Finance is responsible for government accounting and for the integrity of the Government’s accounting system and ensures compliance with the Government’s accounting standards, principles and policies.

The Auditor General of Québec expresses his independent opinion on the Consolidated Annual Financial Statements of the Government based on his audit of such financial statements. The duties of the Auditor General in that respect are contained in the *Auditor General Act* (Québec).

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement amended and restated as of 15 June 2012 (as amended from time to time) between the Issuer, the Guarantor and the Dealers (the “**Programme Agreement**”), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

Notes may also be sold by the Issuer directly to third party purchasers on the basis of enquiries made by such third party purchasers to the Issuer.

Persons into whose hands the Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The following is a description of the contractual and certain other restrictions applicable to the Programme:

United States

Regulation S, Category 1, TEFRA D, unless otherwise specified in the applicable Final Terms. The Notes are not eligible under Rule 144A of the United States *Securities Act of 1933*, as amended (the “**Securities Act**”).

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not offer, sell or deliver any Notes within the United States or to, or for the account or benefit of, U.S. persons except as permitted by the Programme Agreement and in accordance with Rule 903 of Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of an identifiable Tranche of such Notes, an offer, sale or distribution of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer, sale or distribution is made otherwise than in accordance with an available exemption from registration under the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer, sale or distribution of Notes outside the United States. The Issuer and the Dealers reserve the right to reject an offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to such U.S. person or other person within the United States is prohibited.

Each issuance of Index-Linked Notes and Dual Currency Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Purchaser(s) may agree, as specified in the applicable Final Terms. Each Dealer has agreed, and each other Purchaser will be required to agree, that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restrictions Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each other Purchaser appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms in relation thereto

to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer;
- (c) at any time if the denomination per Note being offered amounts to at least €100,000; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes referred to in (a) to (d) above shall require the publication by the Issuer or any Dealer(s) of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each of the Dealers has represented and agreed, and each other Purchaser will be required to represent and agree, that:

- (a) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (the “**AMF**”), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the Prospectus, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or
- (b) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall be made in France only

to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Republic of Italy

The offering of any Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes in the Republic of Italy (“**Italy**”) in a solicitation to the public, and that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of the Prospectus or any other document relating to the Notes in Italy except:

- (a) to “**Qualified Investors**” (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“**Decree No. 58**”) and as defined under Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”); or
- (b) in any other circumstances where an express exemption from compliance with the public offering restrictions applies, as provided under Article 100 of Decree No. 58 or CONSOB Regulation No. 11971.

Any offer, sale or delivery of any Notes or distribution of copies of the Prospectus and any supplement thereto or any other document relating to the Notes in Italy must be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”), Decree No. 58 and CONSOB Regulation No. 16190 of 29 October 2007 (in each case, as amended) and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Please note that in accordance with Article 100-bis of the Consolidated Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Consolidated Financial Services Act and CONSOB Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that any Notes will only be offered in The Netherlands to Qualified Investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Japan

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**FIEA**”). Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a

resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and all other applicable laws, regulations and ministerial guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

Canada

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not distribute the Prospectus or offer any Notes, directly or indirectly, in Canada or to residents of Canada, in contravention of the securities laws of any province or territory of Canada.

General

Unless otherwise specified in the applicable Final Terms, no action has been or will be taken in any country or jurisdiction by any Dealer that would permit a public offering of the Notes, or possession or distribution of this Prospectus or of any other offering material in such country or jurisdiction where action for that purpose is required and such action has not been taken. Each Dealer has agreed, and each other Purchaser will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus, any Final Terms or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Purchaser shall have any responsibility therefor.

With regard to each Tranche, the relevant Purchaser(s) will be required to comply with such other additional restrictions as the Issuer and such Purchaser(s) shall agree and as shall be set out in the applicable Final Terms.

These selling restrictions will be deemed to be modified by the agreement of the Issuer and the relevant Purchaser(s) following a change in a relevant law, regulation or directive. Any such modification may be set out in the applicable Final Terms issued in respect of the Notes to which it relates or in a supplement to this Prospectus.

CANADIAN INCOME TAX CONSIDERATIONS

The following summarises the principal Canadian income tax considerations as of the date of this Prospectus under the laws of Canada and Québec generally applicable to a holder of Notes who acquires Notes pursuant to this Prospectus, and who, at all relevant times, for the purposes of the *Income Tax Act* (Canada) (the “**Act**”) and any applicable income tax convention, is not resident and is not deemed to be resident in Canada and who does not use or hold and is not deemed to use or hold Notes in or in the course of carrying on a business in Canada, is not an insurer carrying on an insurance business in Canada and elsewhere or a “registered non-resident insurer” and is not an “authorized foreign bank” carrying on a bank business in Canada (a “**Non-resident Holder**”).

This summary is based upon the provisions of the Act and the *Taxation Act* (Québec) in force on this date and any regulations thereunder, proposed amendments thereto in a form publicly announced prior to the date hereof and the current administrative practices and policies published by the Canada Revenue Agency and Revenu Québec. This summary does not take into account or anticipate any other changes in law, whether by legislative, governmental or judicial action, and does not take into account income tax considerations arising under the law of any other country or province or any income tax convention between Canada and another country.

The Canadian income tax considerations applicable to particular Notes may be described in the Final Terms relevant to such Notes, in which case the following summary will be superseded thereby to the extent specified in such Final Terms.

The Issuer is not required to withhold tax from principal or interest paid or credited, or deemed by the Act to be paid or credited, by it in respect of the Notes (including amounts on account of, or in lieu of, or in satisfaction of interest) to a Non-resident Holder unless, generally, all or any part of the interest or of any amount deemed by the Act to be interest paid or payable on the Notes (i) is contingent or dependent on the use of or production from property in Canada or (ii) is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation (the “**Criteria**”). Notwithstanding the foregoing, interest or amounts deemed by the Act to be interest payable on the Notes and so contingent or dependent will nevertheless be exempt from withholding tax if the Notes are prescribed obligations for these purposes. The regulations under the Act provide that a “**prescribed obligation**” is a debt obligation, the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money and no amount payable in respect thereof, other than such an adjustment, is contingent or dependent on the use of or production from property in Canada or computed by reference to any of the Criteria. *If any interest payable on a Note, or any portion of the nominal amount of such a Note in excess of its issue price, is to be calculated by reference to an index, security, commodity or formula, such interest or principal, as the case may be, may be subject to Canadian non-resident withholding tax.*

A Non-resident Holder is not otherwise taxable under the Act in respect of the holding or disposition of the Notes or interest or deemed interest thereon.

Under the laws of Canada and Québec, there are no estate taxes or succession duties imposed in respect of the Notes, or in respect of principal or interest paid or credited or deemed by the Act to be paid or credited in respect of the Notes.

The summary of Canadian income tax considerations above is of a general nature only, is not exhaustive of all Canadian federal and provincial income tax considerations and is not, and should not be construed to be, legal or tax advice to any particular holder of Notes. Prospective holders should consult their tax advisers for advice regarding the income tax considerations applicable to them.

EUROPEAN UNION SAVINGS TAX DIRECTIVE

Under EC Directive 2003/48/EC on the taxation of savings income (the “**Savings Tax Directive**”), a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Tax Directive, which may, if implemented, amend and broaden the scope of the requirements described above. Any changes could apply to Notes that have already been issued at the date of the amendment of the Savings Tax Directive. Investors who are in any doubt as to their position should consult their professional advisers.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by the Issuer by resolution of its board and, together with the Guarantee, by the Guarantor by Order in Council pursuant to the *Financial Administration Act* (Québec). All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of Canada have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate codes which will include the ISIN code for each Tranche allocated by Euroclear and Clearstream, Luxembourg or any other agreed clearing system will be contained in the relevant Final Terms. Transactions will normally be effected for settlement not earlier than two days after the date of the transaction. The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address for Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg, Luxembourg.

Legal and Arbitration Proceedings

Save as disclosed in this Prospectus (see the sections entitled “Native Peoples” on pages 10 through 13, “Softwood Lumber Dispute” on pages 24 and 25, “Taxes” on pages 34 and 35, “Government Employees and Collective Unions” on pages 38 and 39, “Retirement Plans” on pages 40 and 41, and “Government Enterprises and Agencies” on page 46 in Exhibit 99.1 of the Guarantor’s Form 18-K referred to in “Documents Incorporated by Reference” on page 17 of the Prospectus), there are no, and have not been any, governmental, legal, arbitration or administrative proceedings involving the Issuer or the Guarantor (and, so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened) which may have or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer or the financial position of the Guarantor.

The Issuer and the Guarantor may be sued in the courts of competent jurisdiction of Québec with regard to any claims arising out of or relating to their respective obligations under the Notes. No law in Québec requires the consent of any public official or authority for such suit to be brought or judgment to be obtained against the Issuer or the Guarantor. Neither the Issuer nor the Guarantor enjoys any right of immunity under the laws of Québec from suit, on the ground of sovereignty or otherwise, in respect of their respective obligations under the Notes subject to:

- (i) the provisions of the Code of Civil Procedure of Québec which bar extraordinary recourses (quo warranto, mandamus, and evocation) and provisional remedies (injunction, seizure of assets before judgment and sequestration) against the Gouvernement du Québec;
- (ii) the general immunity of the Guarantor or the Gouvernement du Québec from set-off, acquisitive prescription, attachment and execution on a judgment; and
- (iii) the provisions of the Civil Code of Québec whereby, in certain cases, a decision rendered by a court outside Québec would not be recognised and, where applicable, declared enforceable by a Québec court and whereby, in recognising and enforcing a decision rendered outside Québec for a sum of money expressed in foreign currency, a Québec court will convert that sum of money into Canadian currency at the rate of exchange prevailing on the day such decision became enforceable at the place where it was rendered.

No Significant Change

Since 31 March 2011, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no significant change, or any developments involving a prospective significant change, in the financial position of the Issuer.

There has been no significant change, or any developments involving a prospective significant change, in the Guarantor’s public finance and trade data contained in this Prospectus since the date at which the relevant data has been presented, being either 31 March 2011 (the end of the Guarantor’s last fiscal year in respect of which published audited annual consolidated financial statements have been prepared) or 31 December 2011, as the case may be.

Documents Available for Collection and Inspection

For so long as the Programme is in effect or while any Notes are outstanding, copies of:

- (i) the Issuer's audited financial statements for the two most recent fiscal years (including the Auditor General's reports thereon);
- (ii) the Issuer's most recent Form 18-K filed with the SEC;
- (iii) the Guarantor's most recent Budget;
- (iv) the Guarantor's annual consolidated financial statements for the two most recent fiscal years (including the Auditor General's reports thereon);
- (v) the Guarantor's most recent Form 18-K filed with the SEC;
- (vi) *An act respecting Financement-Québec*;
- (vii) the Guarantee;
- (viii) the Agency Agreement (incorporating the forms of the temporary global, permanent global and definitive Notes);
- (ix) the Programme Agreement;
- (x) this Prospectus and any other documents incorporated by reference in this Prospectus;
- (xi) any supplements to this Prospectus;
- (xi) any Final Terms except that in the case of Notes in relation to which application has not been made for admission to the Regulated Market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or otherwise issued in circumstances that do not require publication of a prospectus under the Prospectus Directive, copies of the relevant Final Terms will only be available for inspection by a holder of or, as the case may be, a Relevant Account Holder (as defined in the Global Notes) in respect of, such Notes; and
- (xii) a copy of any subscription agreement for Notes issued on a syndicated basis which are admitted to the Official List,

will be available for inspection during normal office hours at the specified office of the Agent in London, United Kingdom and for collection without charge from the office of the Executive Vice President and Secretary of the Issuer in Ville de Québec, Canada.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Listing on the Official List and Admission to the London Stock Exchange

The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be listed on the Official List and admitted to trading on the Regulated Market or Professional Securities Market will be admitted separately as and when issued, subject only to the issue of the global Note representing the Notes of that Tranche. Listing of the Notes on the Official List and admission of the Notes to trading on the Regulated Market and Professional Securities Market is expected to be granted on or about 20 June 2012.

Listing on Other Stock Exchanges and Admission to Other Markets

Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s).

Post-issuance Information

Unless otherwise specified in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issue of Notes.

ISSUER

**Financement-Québec
Ministère des Finances**
12, rue Saint-Louis
Québec, Québec
Canada G1R 5L3
(Tel : (418) 691-2203)

THE GUARANTOR

**Québec
Direction du financement des organismes publics et
de la documentation financière
Ministère des Finances**
12, rue Saint-Louis
Québec, Québec
Canada G1R 5L3
(Tel : (418) 643-8141)

DEALERS

Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milano
Italy

Bayerische Landesbank
Briener Strasse 18
D-80333 Munich
Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**DZ BANK AG Deutsche Zentral-
Genossenschaftsbank, Frankfurt am Main**
Platz der Republik
D-60265 Frankfurt am Main
Germany

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

Société Générale
29 boulevard Haussmann
75009 Paris
France

ISSUING AND PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT

Deutsche Bank Luxembourg S.A.

2, boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Dealers

Norton Rose Canada LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

To the Issuer and the Guarantor

Stein Monast LLP
70 Dalhousie Street
Suite 300
Québec, Québec
Canada G1K 4B2

ARRANGER

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Financement-Québec

U.S.\$2,000,000,000

Euro Medium Term Note Programme

*for the issue of Notes with maturities of one month or longer
unconditionally and irrevocably guaranteed as to payment of principal and interest
(including any additional amounts) by*

Québec 